BRITISH COLUMBIA

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highlights

a weekly digest of recently released British Columbia statistics

Labour Force

- **British Columbia's unemployment rate stayed put at 7.0% (seasonally adjusted) in March, even though employment fell (-0.2%) for the first time since October.** The jobless rate was unchanged because the province's labour force also shrank 0.2%. BC was one of two provinces where employment fell in March, and it was the only province where the labour force contracted. The Canadian unemployment rate remained fixed at 6.8%, a level that has been unchanged since the end of last year. There was little or no change in the jobless rate in six provinces, largely because employment and the labour force grew in tandem. *Source: Statistics Canada*

- **The number of full-time jobs in BC fell for the first time in nearly half a year, declining 0.4% (seasonally adjusted) between February and March.** At the same time, part-time employment in the province was up 0.8%. All of the job losses were among the self-employed (-1.5%). The number of private sector jobs in BC was unchanged, while public sector employment grew 0.6%. *Source: Statistics Canada*

- **Among the regions, unemployment rates ranged from a low of 3.5% (3-month moving average) in Northeast to 10.3% in Thompson/Okanagan.** Relative to a year earlier, unemployment rates were down in every region of the province, reflecting year-over-year employment gains ranging from +0.5% in Mainland/Southwest to +7.5% in Northeast. Northeast is beginning to see the benefits of the latest upturn in the oil patch, and the region's unemployment rate has dropped to a level not seen in nearly two years. At the other end of the spectrum, Thompson/Okanagan, Kootenay (10.1%) and Cariboo (9.7%) were the only regions where the unemployment rate was at or near ten percent in March. *Source: Statistics Canada*

Population

- **BC's population grew 0.9% during the twelve-month period ending on January 1st, when the total population of the province was estimated at 4,043,658.** The Canadian population also expanded 0.9% during 1999, starting the 21st century at 30,606,659. Among the regions, Nunavut (+2.4%) and NWT (+2.2%) had the strongest population growth, followed by Alberta (+1.5%) and Ontario (+1.3%). The rate of increase in Alberta's population has begun to slow, dropping below 2% for the second quarter in a row after staying at or above this level during the previous two years. *Source: Statistics Canada*

Personal Income

- **Personal income in British Columbia rose 2.2% in 1999, as both wages and salaries (+2.2%) and the investment income (+2.2%) of individuals and unincorporated business increased at the same rate.** Unincorporated business income was up 3.4%, while farm income rose 5.3%. Total transfers from government (employment insurance, social assistance, and other payments such as pensions) increased only moderately (+1.4%) in 1999. Personal income is a measure of income from all sources (employment, unincorporated businesses, investments and transfers).

  BC continued to lag behind the rest of the country in 1999, with personal income increasing at a rate that was well below the national average (+3.7%) and slower than in every other part of the country. NWT/Nunavut (+10.4%) and Alberta (+5.2%) led the regions. Ontario (+4.3%) and three of the four Atlantic provinces also experienced above-

Report **BC trade becoming more continental than global**

Did you know...

British Columbians between the ages of 45 and 64 have the highest incidence of migraine headaches (8.9%) and asthma (6.6%) in the country. They are less likely than other Canadians in this age group to suffer from heart disease (2.3%, versus 4.8% nationally).

average increases in personal income. *Source: Statistics Canada*

- **On a per capita basis, personal income in the province was $24,279 last year, 1.6% more than in 1998.** Despite the improvement, the per capita personal income of British Columbians remained below the national average ($24,981) in 1999. NWT ($33,937), Yukon ($29,021), Alberta ($27,210) and Ontario ($27,130) were the only regions where per capita personal income exceeded the national average last year. Per capita incomes tend to be higher in the north, where workers receive higher wages to compensate for living in a comparatively isolated part of the country. However, Nunavut ($18,233) had the lowest per capita income in the country. Newfoundland ($19,209) and PEI ($19,814) were the only other regions where per capita personal income fell below the $20,000 mark. *Source: Statistics Canada & BC STATS*

The Economy

- **Department stores sales in BC and the territories continued to fall in February, dropping to 1.3% below the February 1999 level.** The decline in department store sales was the fourth in as many months. BC/The North was the only region where department store sales declined in February. Nationally, they were up 4.5%, with increases in the rest of the country ranging from 3.3% in Alberta to 12.9% in New Brunswick. *Source: Statistics Canada*

- **The value of building permits issued by BC municipalities fell sharply (-40.9%, seasonally adjusted) between January and February.** Building permits purchased for planned residential projects decreased 20.8%, as both single- and multi-family dwelling permits were down, falling in Victoria and other regions outside the lower mainland. In the non-residential sector, the value of permits decreased 56.9%. Canadian permits were down 14.5% as permits fell in every region except Quebec (+0.4%) and Atlantic Canada (+0.9%). *Source: Statistics Canada*

Agriculture

- **Canadian dairy farmers earned an average of 24.8 cents per dollar of expenditure in 1998, giving them the highest profit margin in the industry.** Grain and oilseed (22.5%) and tobacco (22.5%) farmers also did well in 1998. Profit margins were lowest for producers of hogs (4.5%) and cattle (6.6%). Greenhouse and nursery operators (12.6%) and fruit and vegetable (14.4%) farmers received a higher return. The industry average was 15.3%. *Source: Statistics Canada*

Binge Drinking

- **Binge drinking (having at least five alcoholic drinks on one occasion) is relatively common among teens and young adults.** In 1998/99, 15% of the adult population (aged 15 and over) in Canada binge drank at least once a month. Young adults aged 20-24 were the most likely to binge drink (32%). Nearly half (45%) of the men and a fifth (19%) of the women in this age group binged. Binge drinking was also fairly common (24%) among teens aged 15-19. It was least common (3%) in the 65+ age group. The prevalence of binge drinking has increased significantly since 1994/95, especially among teens and young adults. In 1994/95, 13% of teens, and 20% of those aged 20-24 were binge drinkers. The average for all age groups was 11%.

  Source: SC, Catalogue 82-003

Abortions

- **There were 15,583 abortions performed on BC women during 1997, slightly less than in the previous year, when 15,689 residents of BC had abortions at hospitals and private clinics.** BC was one of six provinces and territories where the number of abortions fell between 1996 and 1997. Nationally, the number of abortions increased 2.9%, to 114,848.

  BC, Ontario and Quebec had the highest abortion rates in the country, at 35 abortions for every 100 live births. The national average was 33. Rates in other provinces ranged from a low of 9 in PEI to 28 in Alberta. *Source: Statistics Canada*

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Infoline Report: British Columbia trade becoming more continental than global

Contact: George Dufour / (250) 387-0376

Originally published in December 1999 issue, *Exports*. Annual subscription: $60 + GST

The 1990s brought substantial changes in the proportions of British Columbia exports shipped to major world markets. At the beginning of the decade, the portion of total provincial exports shipped to the United States began to grow, reversing a forty year declining trend. The proportion shipped to Asia and Europe shrank steadily throughout the decade.

Fifty years ago, trends in British Columbia's Asian exports were largely determined by rapid post Second World War growth in Japan. Just after the War, the United State's economy so dominated world trade that all other markets were small by comparison. As Japan recovered and became a major exporter of manufactured goods, it developed a powerful appetite for raw resource materials that British Columbia was able to provide. A natural trading partnership took shape and more and more of the province's exports became destined for Japan through the fifties, sixties, seventies and eighties. Over this period the portion destined for the United States was shrinking, although the absolute value continued to grow.

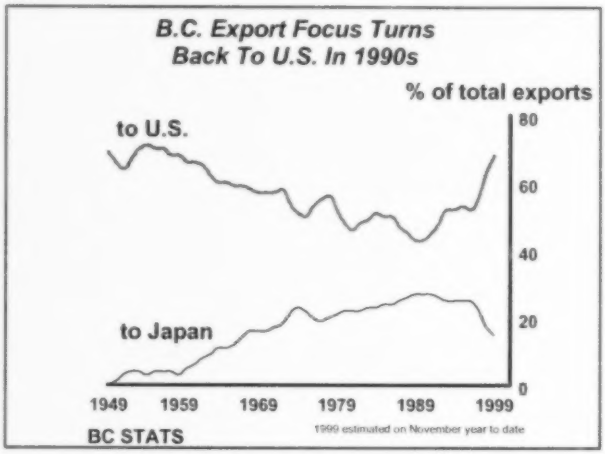
Changing World Marketplace

Then at the beginning of the 1990s several things happened to reverse these trends. The Japanese bubble economy burst, initiating a decade of feeble economic performance. The U.S. economy came out of recession and began what has become its longest post war period of growth. This contributed to a sharp rise in the U.S. dollar against the Canadian, which made Canadian goods more competitive in the U.S. marketplace. In addition, trade barriers between Canada and the United States were largely eliminated under the Canada-U.S.A. Free Trade Agreement. This was later to become the North American Free Trade Agreement with the addition of Mexico.

More open trade with the United States meant that Canadian exporters were better able to profit from fast rising demand in that market for secondary manufactured products. Prior to NAFTA, exports of these goods faced generally higher tariff barriers at the U.S. border than exports of raw or semi-processed resource commodities. Consequently, continental free trade provided more of a boost to exports in these more value added categories than it did to exports of the province's traditional resource commodities.

So far, the United States has been the only country in which British Columbia producers of secondary manufactured products have acquired a large and reliable export market. This has meant that the welcome trend to diversification of the province's export commodity mix has brought with it a less welcome increase in reliance on the U.S. market.

There have also been other developments in global markets that have tended to concentrate more of the province's exports in the United States market. One of these has been the appearance of more international competition in world trade of forest and mineral products. In Japan, new competition has come from South American, Australia, New Zealand, South East Asian and even European suppliers. Scandina-



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vian producers have been among the important competitors shipping forest products into Japan. With slower growth of resource exports to Asia, the focus has shifted back to the United States.

Asian Market Becoming Export Sideshow

The upshot of all this has been that the United States has become the destination for more than two thirds of all British Columbia exports. Exports to Asia, although the next largest component of the province's international export trade, are no longer in the same league.

In 1990, exports to Asia accounted for 36 per cent of British Columbia exports to all destinations, while exports to the United States accounted for 42 per cent. By 1999, the Asian portion had shrunk to 23 percent, and the U.S. portion had expanded to 68 per cent.
In dollar terms, exports to the United States amounted to $19.4 billion in 1999, up from $7.0 billion in 1990. Exports to Asia were valued at $6.6 billion in 1999, up from $6.1 billion in 1990.

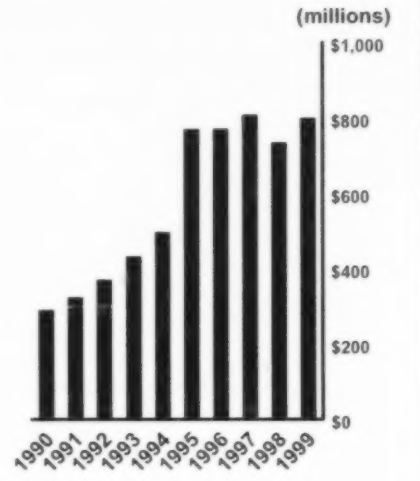
The drop in the share of exports to Asia between 1990 and 1999 mainly reflects the poor performance of the Japanese economy. Exports to Japan, still amount to 65 per cent of British Columbia's exports to Asia, even after the value of British Columbia exports to Japan dropped 7 per cent from $4.6 billion in 1990 to $4.3 billion in 1999.

But exports to other Asian destinations have been rising. Exports to China (including Hong Kong) were up 190 per cent between 1990 and 1999, from $291 billion to $845 billion. Gains were also made in exports to South East Asia and South Korea.

To some extent higher exports to these destinations have offset weak demand in Japan. But exports to all Asian destinations fell sharply with the economic crisis of 1997. By the end of 1999 they had only partly recovered.

The trend to greater trade dependency on the United States is not irreversible. While freer continental trade will permanently focus the province's exporters of manufactured products on the U.S. market, other factors behind the 1990s concentration of exports in the U.S. market have been of a more cyclical nature. At some point Asian economies will begin to grow strongly again. The U.S. expansion will end sooner or later and, perhaps most importantly, the Canadian dollar could rise strongly against the US. dollar.

B.C. Exports to China Climb Sharply Then Level Off In Late 1990s



Portion of Exports to Europe Down By Half From A Decade Ago

At the beginning of the decade, the European Union was seen as one of the three important export destinations for British Columbia, after the United States and Japan. In 1990, 16 per cent of the province's exports were bound for the European Union. Many expected this proportion to rise higher because it had already climbed rapidly from 14 per cent in 1988, and because continued European integration appeared likely to create a more dynamic market.

However, 1990 was the peak of Europe's importance as an export market for British Columbia. The proportion of provincial exports destined for the European Union shrank through most of the 1990s, falling to 7 per cent by 1999. This reflected a drop in dollar terms, from $2.7 billion in 1990, to $1.9 billion in 1999.

Some trade analysts consider that the E.U. has been turning inward, feeling less need to trade on world markets as it has expanded to include new member states. Internal E.U bargaining around the accession of new members may have led it to adopt certain barriers against external trading partners in order to ease the entry of new members. This could have provided some of the motivation behind E.U. rules restricting imports of non-kiln dried lumber from Canada.

Certainly, competition from internal E.U. sources has cut heavily into British Columbia's forest product exports. Exports of forest commodities to the E.U. have dropped sharply since Sweden, Finland and Austria acceded to the Union in the mid 1990s, taking with them substantial forest resources.

In addition to new sources within its own member countries, the E.U has gained access to forest resources in Russia, Poland and other east European countries that emerged as active traders in world markets during the 1990s.

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Infoline

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BC at a glance . . .

POPULATION (thousands)	Jan 1/00	% change on one year ago
BC	4,043.7	0.9
Canada	30,606.7	0.9
GDP and INCOME		% change on
(BC - at market prices)	1998	one year ago
Gross Domestic Product (GDP) *($ millions)*	110,948	-0.2
GDP *($ 1992 millions)*	99,708	0.2
GDP *($ 1992 per Capita)*	24,908	-0.8
Personal Disposable Income *($ 1992 per Capita)*	15,969	-1.6
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Jan	3,359	15.1
Merchandise Exports (raw) Jan	2,316	6.7
Retail Sales (seasonally adjusted) Jan	2,909	4.6
CONSUMER PRICE INDEX		% change on
(all items - 1992=100)	Feb '00	one year ago
BC	111.4	1.2
Canada	112.0	2.7
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Mar '00	one year ago
Labour Force - BC	2,094	0.6
Employed - BC	1,947	2.4
Unemployed - BC	147	-18.1
		Mar '99
Unemployment Rate - BC *(percent)*	7.0	8.6
Unemployment Rate - Canada *(percent)*	6.8	7.9
INTEREST RATES (percent)	Apr 5/00	Apr 7/99
Prime Business Rate	7.00	6.50
Conventional Mortgages - 1 year	7.70	6.45
- 5 year	8.35	6.95
US/CANADA EXCHANGE RATE	Apr 5/00	Apr 7/99
(avg. noon spot rate) Cdn $	1.4545	1.5006
US $ *(reciprocal of the closing rate)*	0.6898	0.6672
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	Feb '00	one year ago
BC	626.02	0.3
Canada	604.88	3.1

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bank-banque-canada.ca/english/wfsgen.htm

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